

# BOARD OF DIRECTORS MEETING

## MINUTES

JUNE 5, 2012

11:00 AM

MEETING CALLED TO ORDER BY	Stanley Seelig
TYPE OF MEETING	Board of Directors
PLACE	Camelot Club - Baton Rouge
MEETING SECRETARY	Ed Fenasci/Sandy Ray
ROLL CALLED BY ED FENASCI AND QUORUM DECLARED	Stanley Seelig, Tom Abbott, Sam Breaux, Bobby Dupre, Christine Early, Marcia Lamarche, Arthur Morrell, Kenneth Roberts, Don Stemmans, Terry Vance <b>(Lamarche and Roberts by phone)</b> <b>Absent: Pat Mouton</b>
PRAYER LEAD BY	Chrisie Early
OTHERS IN ATTENDANCE	Keith Gee, Ed Fenasci, P.J. Stakelum, Liz Roussel, Madro Banderes

### THE PRESIDENT CALLED THE MEETING TO ORDER

MOTION	<p>Motion to go into Executive Session.</p> <p>Motion by: Don Stemmans Second by: Chrisie Early Motion passed unanimously</p> <p><b>Stanley Seelig, Tom Abbott, Chrisie Early and Don Stemmans are excused from Executive Session.</b></p>
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### RETURN FROM EXECUTIVE SESSION

MOTION	<p>Motion to exit Executive Session</p> <p>Motion by: Sam Breaux Second by: Terry Vance Motion passed unanimously</p>
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### VOTE ON ITEMS DISCUSSED IN EXECUTIVE SESSION

MOTION	<p>Motion to accept the five costs and expense items listed: \$6,000 to the Seelig Plaintiffs and/or their counsel in reimbursable costs and expenses; \$2,500 to Stanley Seelig for cost of obtaining a handwriting expert; \$10,000 to Arthur Morrell for legal fees incurred by his former attorney Morris Reed; \$1,159.84 to Arthur Morrell for court and deposition costs; \$510 to Arthur Morrell for deposition costs incurred in the attempt to remove him from the Board.</p> <p>Motion by: Sam Breaux Second by: Bobby Dupre Motion passed unanimously (6-0) <b>Only voted on by BOD who participated in Executive Session</b></p>
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MOTION	<p>Motion to approve the Resolution with the addition that Plaintiff's counsel will provide hard copies of all legal fees.</p> <p>Motion by: Sam Breaux Second by: Marcia Lamarche Motion passed unanimously (6-0) <b>Only voted on by BOD who participated in Executive Session</b></p> <p><b>Resolution is attached and made a part of these minutes.</b></p>
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DISCUSSION	<p>A proposed amendment to the Bylaws was passed out to amend the means by which Notice to members of the Association as a whole. Instead of mailing Certified or First Class Mail, we will post on the LAHBPA website, at public areas of all bookkeeper offices, and at all licensed LA training centers.</p> <p>The second amendment is to amend the means by which Notices of Annual or Special Meetings are sent out to members. Instead of mailing Certified or First Class Mail, we will post on the LAHBPA website, at public areas of all bookkeeper offices, and the field offices at all licensed LA training centers. It will be Ed Fenasci's responsibility to see to it that the Notices are posted at these locations. Ed will also contact the licensed training facilities to set the posting procedures</p>
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<b>MOTION</b>	<p>Motion to suspend the rules to amend the Agenda to take up amending the Agenda.</p> <p>Motion by: Chrisie Early Second by: Terry Vance Motion passed unanimously <i>(Full BOD)</i></p>
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<b>MOTION</b>	<p>Motion to approve the amendments to the Bylaws.</p> <p>Motion by: Chrisie Early Second by: Sam Breaux Motion passed unanimously <i>(Full BOD)</i></p>
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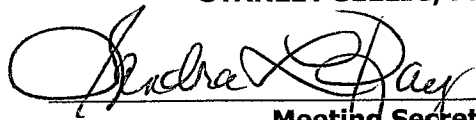
#### WORKERS COMP UPDATE, ETC.

<b>DISCUSSION</b>	<p>We are going to go with Midlands for our renewal as they have the best rates. Some Out-of-state rates are being raised so that we are making the same profit as on our in-state rates. Six to eight states cost more to cover.</p> <p>The application will be discussed tomorrow, presented to the Trust and to the BOD for approval. We will then have to meet with the Commissioner of Insurance.</p> <p>Stanley Seelig said that he and P.J. Stakelum met with the Attorney General's office to discuss investment of the money in the bookkeeper account. We need to find out exactly what we are able to do. The account can earn about 3.5% with BlackRock although there is a slight risk, but only less than 1% with CD's.</p>
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#### MOTION TO ADJOURN

<b>MOTION</b>	<p>Motion to Adjourn.</p> <p>Motion by: Chrisie Early Second by: Terry Vance Motion passed unanimously</p>
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**STANLEY SEELIG, President**

  
**Meeting Secretary**

7-17-12  
**DATE**

7/17/12  
**DATE**

**Louisiana Horsemen's Benevolent and Protective  
Association 1993, Inc. (LHBPA) Board of Directors**

**RESOLUTION**

**Whereas**, on February 20, 2008, Arthur Morrell and others filed the lawsuit entitled "*Thomas Ball, et al. v. Sean Alfortish, President of/and Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.*" in Civil District Court for the Parish of Orleans, Louisiana bearing Civil Action No. 2008-1907 (the "*Ball Suit*"); and

**Whereas**, on June 23, 2009, the *Ball* plaintiffs filed a First Supplemental and Amended Petition; and

**Whereas**, the *Ball Suit*, as amended, asserts both individual claims and derivative claims on behalf of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. (the "LHBPA"). Individually, the *Ball* plaintiffs seek to inspect records and to obtain declaratory relief finding that they have cause to contest the 2008 election of the LHBPA's board of directors. Derivatively, the *Ball* plaintiffs seek to require Sean Alfortish to return money to the LHBPA. Additionally, the *Ball* plaintiffs seek to recover their attorneys' fees; and

**Whereas**, in December 2009, Stanley Seelig and others filed a lawsuit entitled "*Stanley Seelig, et al. v. Sean Alfortish, et al.*" in the Civil District Court for the Parish of Orleans, Louisiana bearing Civil Action No. 2009-13379. Like the *Ball Suit*, the *Seelig Suit* asserts both individual claims and derivative claims on behalf of the LHBPA. Individually, the *Seelig* plaintiffs seek appointment of a receiver and to bar certain individuals from serving as directors of the LHBPA. Derivatively, the *Seelig* plaintiffs seek to require the defendant officers and directors of the LHBPA to return money to the LHBPA. The *Seelig* plaintiffs also seek to recover their attorneys' fees; and

**Whereas**, in November 2010, the LHBPA's then-President, Defendant Sean Alfortish, and then-Executive Director, Defendant Mona Romero, were indicted by a federal grand jury on 29 counts related to actions allegedly taken by them while acting as President and

Executive Director of the LHBPA. A third person was charged in a bill of information and pleaded guilty. There is some overlap between the allegations made in the *Ball* Suit, the *Seelig* Suit, the federal indictments and the bill of information; and

**Whereas**, Sean Alfortish and Mona Romero entered guilty pleas in Criminal Docket No. 10-328 of the United States District Court for the Eastern District of Louisiana. In connection with the same, Mona Romero was ordered to pay restitution to the LHBPA in the total amount of \$19,062.45, and Sean Alfortish was ordered to pay restitution to the LHBPA in the total amount of \$105,140.94; and

**Whereas**, Travelers Casualty and Surety Company of America ("Travelers") issued an insurance Policy No. 105028673 for Non-Profit Organizations to the LHBPA with coverage for Directors and Officers Liability (the "D&O Policy") and coverage for Crime (the "Crime Policy") and has Travelers provided a defense to all defendants in respect of the *Ball* Suit and *Seelig* Suit under the D&O Policy; and

**Whereas**, the parties in the *Ball* Suit and *Seelig* Suit and Travelers have negotiated an agreement to settle the *Ball* Suit and the *Seelig* Suit (the "Settlement Agreement"); and

**Whereas**, for the Settlement Agreement to become effective, the LHBPA must consent to it because the LHBPA is an insured under the D&O Policy and the Crime Policy and because some of the claims settled in the Settlement Agreement belong to the LHBPA; and

**Whereas**, the LHBPA has reviewed and considered the Settlement Agreement and has found that it is in the best interest of the LHBPA to consent to the Settlement Agreement and to authorize its execution. In reaching this conclusion, the LHBPA considered the following non-exclusive items:

- (i) the LHBPA will benefit financially from the Settlement Agreement;
- (ii) the LHBPA will receive the restitution payments owed to it by Sean Alfortish and Mona Romero from Travelers following court-approval and

- execution of the Settlement Agreement, thereby eliminating any delay in receiving such sums and the uncertainty of collecting such sums;
- (iii) the LHBPA has obtained non-monetary benefits from the *Ball* Suit and *Seelig* Suit to the extent the suits triggered a change or control of the LHBPA board of directors and resulted in the implementation of corporate governance reforms within the LHBPA, including the adoption of new fiscal policies;
  - (iv) the *Ball* Suit and *Seelig* Suit will be expensive to litigate if the suits are not settled;
  - (v) there is a possibility that the amount of attorneys' fees incurred to litigate the *Ball* Suit and *Seelig* Suit to conclusion will near or exceed the amount of any judgment rendered in favor of the LHBPA;
  - (vi) there are risks associated with litigating any claim;
  - (vii) the plaintiffs and/or the LHBPA may have difficulty collecting on any judgment ultimately obtained on the LHBPA's behalf; and
  - (viii) if the *Ball* Suit and *Seelig* Suit are not settled, it is possible the coverage limits under the D&O Policy will be exhausted before any final judgment is entered, thereby leaving no insurance money available to cover any judgment entered in favor of the LHBPA;
  - (ix) settling the *Ball* Suit and *Seelig* Suit will terminate the litigation, eliminate further protracted and expensive litigation (including appeals), and allow the LHBPA directors, officers, and employees to devote their attention on other pressing matters within their organization and industry.

**Whereas**, the Settlement Agreement provides that Travelers will pay \$850,000 to settle the *Ball* Suit and *Seelig* Suit (the "Settlement Sum"); and

**Whereas**, the Settlement Agreement further provides that \$250,000 of the Settlement Sum will be paid to the Seelig Plaintiffs for legal fees and that \$250,000 of the Settlement Sum will be paid to Morrell for legal fees; and

**Whereas**, Plaintiffs' counsel in the Ball Suit and Seelig Suit have provided information to substantiate their attorneys' fees and either have or have agreed to provide hard copies to the LHBPA board of directors for all invoices for their legal services rendered in connection with the suits; and

**Whereas**, the Settlement Agreement further provides that if the LHBPA approves the Settlement Agreement, it shall have the right to determine whether the following costs and expenses incurred by the plaintiffs in the *Ball* Suit and/or *Seelig* Suit shall be reimbursed out of the Settlement Sum:

- (i) up to \$6,000.00 to the *Seelig* Plaintiffs and/or their counsel in reimbursable costs and expenses;
- (ii) \$2,500.00 to Stanley Seelig for the cost of obtaining a handwriting expert;
- (iii) \$10,000 to Morrell for legal fees incurred by his former attorney Morris Reed;
- (iv) \$1,159.84 to Morrell for court and deposition costs incurred on his behalf in 2011 in the prosecution of his lawsuit;
- (v) \$510.00 to Morrell in deposition costs incurred in the attempt to remove Morrell from the LHBPA board.

**THEREFORE BE IT RESOLVED:**


**That** the LHBPA hereby consents to the Settlement Agreement and authorizes Keith Gee, its Executive Director, to execute the Settlement Agreement after it is approved by the Court; and

**That** the LHBPA hereby approves reimbursement of the following costs and expenses incurred by the plaintiffs in the *Ball* Suit and/or *Seelig* Suit from the Settlement Sum:

- (i) up to \$6,000.00 to the *Seelig* Plaintiffs and/or their counsel in reimbursable costs and expenses;
- (ii) \$2,500.00 to Stanley Seelig for the cost of obtaining a handwriting expert;

- (iii) \$10,000 to Morrell for legal fees incurred by his former attorney Morris Reed;
- (iv) \$1,159.84 to Morrell for court and deposition costs incurred on his behalf in 2011 in the prosecution of his lawsuit;
- (v) \$510.00 to Morrell in deposition costs incurred in the attempt to remove Morrell from the LHBPA board.

**The foregoing is a resolution passed by the Board of Directors of the LHBPA on the 4th day of June, 2012 at a meeting and with a quorum established in accordance with the bylaws.**

  
Edwin Benasci, Secretary-Treasurer

6/6/12  
Date